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## By Molly Moore WWhnurgen Pas Serne    

By David Remnick


## story ary: gant.

## At Airports, Tighter Security




## Bush Vows to Punish Authors of Jet Attack

| By Ruth Marcus WASHINGGTON Pesinge President- |  |  |
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| cleci Georige Bush vowed Thursdayin "punish sekercly" those who |  |  |
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| he took office in three weeks. |  |  |
| "The most imprudent thing a re- |  |  |
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| administration betieved in had a $\quad$ 'A Difficult Threa |  |  |
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| ing those responsible for placing a bomb aboard the flight, which ex- |  |  |
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| ploded Dec. 21 over Lockerbie, |  |  |
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## Bomb Was Precision Weapon

By Malcolm W. Browne Small bombs are sometimes nearly 500 miles per hour ( 800 kilo-



 Explosives Tecthnuliogy Researchin
Socorio, New Mexsengers are lizely to survive, ex- Gimated
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## 2 French Girls Held as Hostages Released in Libya

 Now York Times Srince Abu Nidal.



 Mer Virginie, 6 , ended a protracted French officials said hat it ap- shows athat he is is Abu Nidal.".
Chismans Falah Revolutionary Command, chestrated the release of the two secking in win friends in France.

## Bundesbank Holds Dollar in Chech



$\qquad$ venion Riehard Iefrey, a senior econ
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dollar's advance miigh be sucess
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bank will find in murh hard of
there is more support for hhe dollar the new year:-
 Helmut Schleinger, vice presiSee DOLIAR Rank said in ee DOLLAR, Page 17 not quite suit" the Bundesbank
initersts. Those remarks raised th


The New Generation: A Bhutto Meets a Gandhi Prime Mmister Rajiv Gandhi of India and Pakistan's prime mimisuer, Bensmir Bnutto. met in
Islamabad on Thursday for Asian summit talks. It was the first visit to Palistan by an Indian prime Lslamabad on Thursday for Asiam summit talks. It was the first visit to Palistan by an Indian prime
minister in 28 years. Theit talks during a meting of the South Asian Association for Regional minister in 28 years Their talks during a mecting of the South Asian Association for Regional
Cooperation were expected to herald a oew era of cordial relationship between the rwo counries.

Fighting a Soviet Brain Drain,
Moscow Relaxes Its Visa Rules

By David Remnick
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Herald mine Cribune important news to the world's most


Armenian Quake Toll May Decline мasay eartier official estimate of 55,000, a senior Arme
nian governenton official suggested Thumsdyy.







Tight Secrecy Continues to Surround Investigation of Olof Palme Murder


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## Chinese to Punish African Students

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U.S. Warms to Moscow Rights Forum





 For the Record






TRAVEL UPDATE
Lishon Métro Drivers Go onStrike







## Israeli Army Repulses

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## Outgoing Reagan Speaks to Posterity, Seeks Place in History

| Two of the most memorable farewell addresses, by George Washington and Dwight D. Eisenhower, warned aggainst dangerous treads and tendencies - "entanglimg alliances" in the cascof WashEisconhowers. <br> Mr. Reagen, the scholars say, is concerned mainly with praising and justifying himself, not <br> Stephen Hess a secior fellow at the Brookings Institurion, staid of Mr. Reagan's accounts: 'I choought tivent the fact that the man had been presijoous, given the fact that the man had bears. They dent of the United States for eqght years. contained so little chat was reflective or introspeclast campaigo speeches. They conld have been given in 1984, and chanks came right out of the <br> Fred I Greenstein, a professor of politics at Pinceton University and an expert on the presidency, said that it was a "common human tenden- cy" to blame others for one's problems and that all presidents give biased accounts of their administrations "It's a way of giving ammnnition to your Supporters, the people who will argue for your view of history," be spid But be also regrets "how unrevealing Reagan bimself is," saying: "There was never a discussion on his part of what it means to be president" <br> score the ration's sense of seth-confidence rescore the nation's sense of seri-confidence will stand as one of his lasting achievenents. "He came |
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Baker a Baker, a professor of politics at Retgess Univeri
ty "He insine people, and I think there were
concrete results from that"
Many experts also agree with Mr. Reagan when
he contends that "we have transformed the dehe conitends that "we have transformed the do
bate" on budget matters "You don't hear people bate" on budget matters. "You don't hear people
argue
dony But to budgec analysts, Mr. Reagan's accoumt o
 to Fred Greenstein
 ly ture, said Ropert Grenstem, in today's rate is in a serious roceasion on But coontanted country wis
when the economy was when the economy was enjoying a boom, the
poverty rate has increased in the Reagan years.
 Hrong" in the words of Norman Omstrein, a sem For one thing Mr. Reagan aleered the definition


tive branch of goverment in preserving wasteful programs
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Don't blame me for the deficits, blame everyody Don't blame me for the deficits, blame everybo
else out thers'.' said Mr . Orstemin "When you
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3 Europeans Held in High-Tech Smuggling Scheme



## Congress Identifies

 Targets for Trims To Lower Deficit
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## Spanish Company HANDBOOK 1988 <br> The Only Guide to the Spanish Corporate World Pubuished in Evelish



## U.S. Remains Wary of Iran Tallss Offer








## China and U.S. Spar Over Travel Curbs



# "Nothing in the world <br> is more powerful as an idea whose time has come." 

## Victor Hugo

(French novelist 1802-1885)
in research and technology, and of the skills of our people.

In this way we will uphold our reputation that we build the best cars in the world. We also create new ideas for communications, transport, and industrial automation. In addition, our international competitiveness in aviation and aerospace is strengthening


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as we increase our comprehensive system capabilities.

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We are doing this in the total interest of our customers.

We wish you a happy and prosperous New Year.

## OPINION

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## Poverty Made in America

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Enough Brinkmanship on the Subcontinent Yugoslavia:


By Raju G. C. Thomas




#### Abstract




 The Skewer Still TurnsBy C. L. Salaberger-


## The Woeful Democrats Need Substance, Not Strategy

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Trade: Atlantic Skirmishes Require a Pacific Response

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Clearly, the products of electrical eng eering are in the forefront of progress. But new developments in the industry call for even greater innovation. Especially in the miniaturzation of ap to withstand extreme components able to whstand exred safety and cost-effectiveness in production

Which brings us to BASF. We are working with the industry to help meet its many challenges

For example, electrically conductive plastics will provide new stimuli in storage battery technology.
And, conversely, chip carriers, produced from special polyamides, protect sensitive electronic components against electrostatic charges.

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ranging from cable sheathing to appliance housings. Plastics are far from our only area of innovation, however. Case in point: com
puter keyboards. A new development in keyboard technol ogy-LCD keys-provides access to as many as 40 character sets with a total of 4000 characters.

Teamwork between the chemical and electrical engineering fields can spark the solution to problems faced by both.

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## Piece by Piece，Investigators Seek Who and How



## U．K．Urges a Global Hunt for Saboteurs

| By Edward Wrashagron Par |
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BUSH：A Pledge to Punish Authors of Attack on Pan American Jetiner




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Air Disaster Could Mean A Challenge For Bush



















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# TRAVEL 

- York's Gothic Glory
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## CHOICE


London Theater Info by Phone






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Hawaiian Maritime Museum











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Traditions and Museums in Borneo

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and the sapta a four-stringed lute, played at
dances or a witch docorors ceremony. Ln he museum's heirloom collection are
cramic, meeal objocus, glass beads and

 Continued on page 10

## The Quiet, Rugged Charms Of a Remote Canary Island

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 It is also an astronomer's haven. Situated high above the rain
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matter, tourimn Entering the gateway, Santa Cruz de la Palma you fecl as if you bave just eniered a s.eppy town wbere most on the inhabi ynnss are out in the numerous tobaco and banma
ficlds shat are the heart of the agriculurala economy. Walking among hen simple, witiel concrete buiidirgs fited
wiuh wooded balconies and framed windows, the place has an with wooded balconies and framed windows, the plage has an
austere yet authentic look Sipping coffee at a leal caft, you Continued on page 11


La Palma offers moun. tainous terrain surrounded
by superb views of the
ocean, left; while a carnival
erupts in the usually quiet
streets of Santa Cruz, above.

## Bocuse's Decline? The Reply Is on the Plate


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LES CRITIQUES


## THE FREQUENT TRAVELER

## Pacts May Widen Air Choices

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 moves are afoot in the Arab states.
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canies Says Michael Bishop, chairman of BMin England,
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## The Glory of York Minster's Gothic Styles



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| Swituerland | S.F. | 455 | 455 | 255 | 141 |
| Rest of Enrope, N. Africa, former French Africa Middie East | \$ | 470 | Varies by coumtry | 260 | 145 |
| Rest of Africa, Gulf States, Asia | 5 | 620 |  | 340 | 190 |
| Centra/Latin America | 5 | 540 |  | 295 | 160 |

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To: Subscription Managec, Ineernational Herald Tribune, 181, Avenue Charles-de-Gaule
92521 Nerilly Ceder, France. Tel: (1) 46379361 . Texex: 612832 Fax: 46379370 .

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HARDLY need 2 crystal ball to prodiat that news of crossbloarder alizancos wall dominate the airifine world in 1989. Mega-carriers in Ev-
rope Asia and the United Statecs see mintiliateral Cements asa means of gaining access tocach others sainent Aifime prasidents talk about "critical ass" "economies of sale" "mproving compecitive For large airlines the issue is growth; for small
 frimite maybe.
 ort editor of $F$ light der range of types of service greater flexibility,
 "Providing bere is compecition in upho ysstem and , ${ }^{2}$, says Geoffrey Lipman, executive director of
 mist himt of price Fixing"
 nited Stauts is sthat seven carriers hancle more than

 This year there has been a spate of cooperative (such as thax of Brinish Airways and Unitod Aifines) meant of Air UK and may ylimanarely bry 40 pericent of Acrolizens America Anet Airimes bough a 20 parcent stale
 (y) Airport).

W E can expect many more cooperative venQantas has plans to start a hub in Freanlfourt as part pected to form an alliannce of singapore Airinines is ex cartier; insiders say that the French plans to merteze Air France and Air Inter im a reshas
 theres.





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## Borneo Museums

| their horms; the large green turile and hawksbill, threatened by trawling. |  <br> 4230 x <br>  |  |
| :---: | :---: | :---: |
|  | An exhibit on the oil and gas industry illustrates with photo- |  |  |
|  |  |  |  |
| graphs, models and a video tape how Shell Oil found oil in Bormeo |  |  |
| nearly a century ago. There is a major exhibition on the discoveries |  |  |
| from the Niah caves, about 300 miles north of Kuching and now considered the most important archacological site in Southeast Asia |  |  |
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|  |  |  |  |  |  |
| Great Cave, has been reconstructed in the museum. |  |  |
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| Malaysic; tel: 082-24231. Clased Friday. Free admission |  |  |
| Maseum was bom in Sandakan, a rading post on the Sulin Sea in 866, we sume yua hed sarawal |  |  |
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| Moseam, but has had a more tri-buleat bistory ffally vamishing al- |  |  |
| together in World War ili |  |  |
| and other towns destroyed. Unable |  |  |
| ment required, the Chartered Company refmquished its rights to the |  |  |
|  |  |  |
| ather Sabah joined Malaysia wasthere a movement to cstablish a |  | Sinabahes Sabah, Malaysia; tel: <br> 53199 or 225033 . Free admission |
|  |  | Just down the hill, a laige buithing stands on the riverbanik, cleaity |
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| oppend on the tirid floor of a shop |  | which dominated the region in the 16th century. This sultanate, |
| new Sabah Museam was opened in April 1984. <br> The $\$ 30.5$ million complex on |  | scarcely larger than Delaware, with a population of 227,000, is one of |
|  |  | world, thanks to oil discovered in |
| Old Palace Hill a mile and a half from Kota Kimabalu center, is the |  | 1929 and natural gas il 1965. |
| center, is the most splendid museum in the area. |  |  |
| The main building represents a longhouse, while the roof beams |  | nei's present ruler, Ton Harrisson of the Sarawalc Museum stucied |
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| ship dance and prayer. The Sci |  | ncluded that "he statas, history More accessable is th |
| senats a cone-shaped reed dish a |  |  |
|  |  | ting center four miles from the à crencilated crescoent, the C |
| vation Center represents a betci nut box. | ies among 25 of the 30 ethric | necii Elizabieth II It was commissioned by the former |
| Some civis woul have pro |  | The Brumei Mnseam |
| red that more moncy were spent documentation or training staff. | recond religious practices an customs. |  |
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| world's largest | $\underset{\text { ical }}{e \infty}$ | chaeological area Excavations and tion of Churchill -memori |
| il industry $G$ | Tb |  |
| upper levers | wh | cclein sharis dating as fro back as ph |
| dy, ceramics, history, archneol |  |  |
| Ogy and natural history. | lectors winh candles and bamboo |  |
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|  | mat soup. |  |
| r. T | Among the rarest displays is the |  |
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| decade | stiows traditional uses of bamb | por |
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The House of Slaves on Gorée Island.

## Dakar: Africa With Urbane European Style



Baskets for sale at the Marche Kermel.


#### Abstract




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Aquavit: Denmark's Eau de Vie

$A^{\text {LWAYS armed these warriors woild }}$
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make move hhat you wouldnin notice
The alocohol concent of aquavit ts 45 per-


#### Abstract

   The predominant taste in Red Taffel is   wilh sweet Iyrytle gale and Havstryger with lemone caravy and did The Danes are not the ooly Scandinavians The Danes are not he oniy scandinavians who appreciet and prodnce auquati. In Sweden aquavit is a favorite during the  



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such a wier than any other.

T VERY botle of Linie carries on is
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sailor Drackenteng who
woo lived to be be 146 god
 age but for the fact that in he hast 121 years
of his yife e he had drunk loos of schnapps
every day.


## Tough clients?

Hyatt pieces you back together.

## Business meetings take their toll. Hyali helps our Gold Passport programme, which

 you relax and recoter at over 20 hotels in- THE qualifies them for preferential service and major civies throughout Asia Pacific. Our extensive health facilities let $1, \sim$ Q you work off your worries. FrequentHYATTOUTELS \& RESORTS

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| Dow Jones Bond Averages |  |
| coin |  |



The clear advanap by Lawrence j. DEmaria







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R. HERZFELD said a severe economie downourn could
cushat h highy leveraged junk-bond fond He offered this crush a highly leveraged julk-bond fond He offered this
scenaio $y$ yend has a 150 million junk-bond porfolio, purchased with 100 militen from the origignal stock offering and
$\$ 50$ million in borroved moooe. A recession or depresioo
band
 asset value of each share would deccine by 75 percent, even
thouzh the market value feth by only 50 percent.
Mr. Herfield was not suegesting that this would happen, Mir. Herrefld was not suggesting, hat this wobld happen,
alihough he said he expected stock prices of junk-bond funds sink further, especially if yidds on more respectable securities
rise "Our basic strategy is to sell them hhor, and it has worked cout very well for ws" he said, "If there is a catastrophe, we're
going to make a lot of money. If there isn't, we'll make a nice
profit" Some market experts said predicions of mass defaults are
themselves fauty. In a recent report, First Boston Corpm for example, argued, "U.S. companies are less leveragod today than were their major forcign coumterparts during the last two reces-
sions. and the hagh leverage to those countries did not end in
tisat Mr.
Mercfld noted fhit junkk-biond finds had done surppising
Iy well so ar. The average junk-bond fund came to marker at $\$ 10$ See JUNK, Page 17

## Currency Rates

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##  BUSINESS/FINANCE

Challenge
In Thrift
Bailout
Bush Said to Seek Alternative to Tax
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## The Group Behind the Rescue of Texas Thrifts



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 and a cigar manufacturer.
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ellman wants to kecp on buid ding
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Moptembe Mr. Perelman sold the pompany
to Carlon Communieation ${ }_{\text {PLC. }}{ }^{10}$ Carl


Texan to Bring Long Experience In Aiding Banks New York Times Senver
DALLAS—Gerald J. Ford
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Mrord has punt
Megether several in. vestmentan gurougs hath several in- tried
and failed to accuine harge Texas
bank and failed to acquine large Texas
banks with federal assistance.

## Statoil

 Chief May Resign Oslo Policies Said To Rankle BoardOSLO The chaiman o Sta

 Jan Eriry. Langangen wold the
 Amfinn Hotstad, w
leaving the firm
leaving the inm
They have held their positions
since Stavoil's board and managing
 1987 because of a scandal involving of pror cost overrunss and allegaion
onsmanagement. Sources at Satoil syid Thurscay o the oil minister. Arre Ocien
complaing aboui the govern
ments The sources said there was a gen cral feling among board members
that Mr. Oeien had not allower hem to take proper responsibility or running the company, which
the largest in Norwa and the back he largest m Norway and the back
bone of it Norrh Sea oil mdusry.
"Therc is
 chiciendy as any other conpany",
burt the board was "not being ijven
the room to do so." The sources said the board sen he letter to Mr. ORien on opocen 22
but no reply had been received. No other members of the board Langangen said.
 insurer, while Mr. Howstad heads
Norske Sko A/S Norsike Skog A/S, the coumtry
main wood and pup producer. Statoil came under heavy crito-
cism when it said in November 1987 that the construction of the
Moogsad refinery in western Nor-
 major politieal seaodal and
hroughl the resignation of the
See NORWAY, Page 17

YOU'VE MADE IT. THE NEXT STEP IS KEEPING IT.




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U．S．Food Importers On Products From EC

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## Mystery Bidder Tops Murdoch Offer for Collins




| Brierley's Nibble at French Stores Suggests European Foray |  |  |
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## FREE INFORMATION

## FROM INTERNATIONAL INVESTOR XII

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## JS TELECOM <br> Groupe Bosch

Jeumont Schneider in Fronce ond Télénormo (a German subsidiary of Robert BOSCH) hove joined forces to create in Europe a new concern which is even now oble to offer: telephone equipment (capable of carrying telephone equipment (capable of carrying
between 2 and 12,000 lines - and more)
a guarantee that the hardware, built already to the integrated services digital network (ISDN) standards, will last well into the next century.

- an exceptional capacity for innovation with - 3.8 billion French franc R\&D budget


## 2 SAAB-SCANMA

Interim report
January-August 1988
Sanb-ceainis seleses and income
incresed during de year

: Combliti whs

EXTRACT FROM THIE
COMANTITROM TREE




## BASF

Fallowing its solid earnings in 1987, BASF is agoin turning in o 0 strong pertarmance in $198 B$.
Figures far the first three quarters show Graup sales up by $7.8 \%$ and pre-tox prafits up by $22.7 \%$ aver the comporable period af the previaus yeor.
Pre-tax prafits reached DM 2.6 billian an sales af Pre-tax prafits reached DM 2.6 billian an sales af some DM 32.5 billian with especially strang demond in the chemicals, plostics, dyestuffs, ond
finishing products sectors. Copital investments infinishing products
creased by $31.9 \%$.
Far the porent campony, BASF Aktiengesellschaft, soles rase $11.8 \%$ ta DM 115.5 billian, and pretax p
Laaking beyand 1988, BASF is well-positianed as ane of the warld's blue-chip chemical campanies. West Germany.

## Compacnie du Midi

COMPANIE DU MIDI is the holding company of o diversi-
fied groue, mainly operating inis insuronce with Axo-Midi fied group, mainly operating ini mionse wion Axo-Mid
Assurances, banking ond financiol services, property holdings, industry ond trade.

- Tofol revenues: 44,500
(*) (FF 000,000 )
Shoreholders'
interest - Shoreholders' interests:
$2,200(*)(\mathrm{FF} 000,000)$ -(FF per odiusted shore)
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comen 80,74
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Midi group's chairman: Midi group's chairm M. Bernard PaGEEY.
( $\star$ ) Non oudited, ofter
shoreholders' meeting of hureholders' meeting of
Jume 2nd induding minority shoreholders ond onsociaced muluol insur-
onterests".



## Limburg

Your European hub
There is a location in Western Europe where 50
million consumers live with in a distance of no more than 133 miles and where $70 \%$ ot the major
European companies are located within a radius of 250 miles. It has direct access to all European motorways and
all international airwwys. it has the completa range ot aplortorate technical, educational, medical and cultural facilities.
It offers companies from abroad financia! ofiers companies trom abroad financial
participations and competituv financial incentives
pus full intormation and prictical assistance in all plus full intormation and practical assistance in all
star-up procedures. It is a comfortable and beautiful star-up procedures. It is a comfortabie and
part of the world to ive and work
is name is "Limburg", in the South of the ist name is

Limburg Investments Ltd/LIOF
P.O. Box 800 . 6200 AV MAASTRICHT: The Netherinds
Tel. 31.43 .280280 . Tix: 56706 . Fax: 31.43 .28020 .


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## OBSERVER

## Know-It-All Critics



Packing Up Memories of Winfield House
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## \section*{$\qquad$} <br> ${ }^{\circ}$

PEOPLE
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Wardo Lin Mi-mell is taking a deto and Sumay Davis Jr. for a New Yand Evie show on the island of








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